

**TERREBONNE PARISH  
RECREATION DISTRICT NO. 2/3  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2013**

**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended December 31, 2013**

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**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2013*

This discussion and analysis of the Terrebonne Parish Recreation District No. 2/3 (the District)'s financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2013. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- The net position increased as a result of this year's operations - by \$568,533 approximately 15%. At the end of the year assets exceeded liabilities by \$4,199,828 (net position).
- During the year, expenses for recreational programs and facility upkeep were \$583,538, an increase of approximately 12% from the prior year. Revenues generated from these programs were \$42,781. General revenues of ad valorem taxes and revenue sharing increased by 5% from the prior year and were \$1,109,290.
- The General Fund reported an ending fund balance of \$2,046,356 for recreation operations – \$1,000,000 was committed by the Board for the Terrebonne Bayou Country Sports Park and \$140,000 for the Adaptive Park-Phase I. The balance of \$906,356 is considered unassigned and available for future operations.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2013*

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2013*

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

Net position increased from \$3,631,295 to \$4,199,828, approximately 15%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the decrease this year. The balance in net position represents the accumulated results of all past years' operations.

Our analysis below focuses on the net position and changes in net position of the governmental-type activities.

Condensed Statement of Net Position

	2012	2013	Dollar Change
Current and Other Assets	\$2,812,201	\$3,199,857	\$387,656
Capital Assets	1,951,755	2,153,472	201,717
<b>Total Assets</b>	4,763,956	5,353,329	589,373
Current Liabilities	6,843	27,933	21,090
<b>Deferred Inflows</b>	1,125,818	1,200,173	74,355
Net Invested in Capital Assets	1,951,755	2,153,472	201,717
Unrestricted	1,679,540	1,971,751	292,211
<b>Total Net Position</b>	\$3,631,295	\$4,125,223	\$493,928

Program expenses increased by 26% while program revenues also increased by almost 30%. General revenues for the governmental activities increased by 5%.

Condensed Statement of Activities

	2012	2013	(Decrease)
Total program expenses	\$ (521,103)	\$(658,143)	\$ 137,040
Total program revenues	33,104	42,781	9,677
<b>Net program income</b>	(487,999)	(615,362)	(127,363)
General revenues	1,056,044	1,109,290	53,246
<b>Change in Net Position</b>	568,045	493,928	(74,117)
<b>Net Position:</b>			
Beginning of the year	3,063,250	3,631,295	568,045
End of the year	\$3,631,295	\$4,125,223	\$ 493,928

**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2013*

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund reported an ending fund balance of \$1,971,751. Total revenues for governmental funds were \$1,152,071, an increase of approximately 6% from the prior year.

Current expenditures for recreation activities were \$444,158, an increase of 18% from the prior year. Capital outlay equaled \$322,210.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was amended during the year and consequently at the end of the year the District was in compliance with the State Budget Law. A summary of the increases and decreases from the original budget follows:

Original budgeted revenues	\$ 1,151,818
<b>Amendments were made for:</b>	
Increased concession sales	17,000
<b>Total amendments</b>	<b>17,000</b>
Amended budgeted revenues	<u><u>\$1,168,818</u></u>
Original budgeted expenditures	\$ 659,000
<b>Amendments were made for:</b>	
Increased personal services	15,000
Increased supplies & materials	13,000
Increased other services	6,000
Decreased repairs & maintenance	(221,500)
Increased capital outlay	376,750
<b>Total amendments</b>	<b>193,250</b>
Amended budgeted expenditures	<u><u>\$852,250</u></u>

**CAPITAL ASSETS**

Capital assets, net of accumulated depreciation of \$1,736,916, for governmental activities at year-end were \$2,153,472. This year there were no deletions and \$322,210 of additions for construction in progress, improvements and equipment purchases. Depreciation of

**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2013*

\$120,493 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 4 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Highlights of next year's budget follows:

Condensed Summary of Budgeted Finances	
	<u>2014</u>
Anticipated revenues	\$ 1,126,000
<b>Expenditures:</b>	
Current	470,500
Capital outlay	<u>1,480,938</u>
Anticipated expenditures	<u>1,951,438</u>
Excess of expenditures	(825,438)
<b>Fund Balance:</b>	
Beginning of the year	<u>3,923,393</u>
End of the year	<u><u>\$ 3,097,954</u></u>

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Gary Beeson, Chairman  
412 Westview Drive  
Houma, LA 70364  
Phone number 985-868-7321

## ***FINANCIAL SECTION***





# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners of  
Terrebonne Parish Recreation District No. 2/3  
Houma, LA

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 2/3, a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2013, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Statements*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2013 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Commissioners of the  
Terrebonne Parish Recreation District No. 2/3  
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***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2014, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
May 3, 2014



**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Statement of Net Position

December 31, 2013

**ASSETS**

Cash	\$ 2,120,743
Ad Valorem taxes receivable	21,615
Due from other governments	1,055,314
Due from State of LA	2,185
Capital Assets, net of accumulated depreciation	<u>2,153,472</u>
TOTAL ASSETS	<u>5,353,329</u>

**LIABILITIES**

Accounts payable	27,933
Due to other governments	-
TOTAL LIABILITIES	<u>27,933</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred revenue	<u>1,200,173</u>
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**NET POSITION**

Net Invested in capital assets	2,153,472
Unrestricted	<u>1,971,751</u>
TOTAL NET POSITION	<u><u>\$ 4,125,223</u></u>

See notes to financial statements.

**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Statement of Activities - Governmental Activities  
For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	Program Revenue			Net (Expense) Revenue
	Expenses	Charges for services	Operating Grants	
Recreational activities:	\$ 658,143	\$ 42,781	\$ -	\$ (615,362)
Total governmental activities	<u>\$ 658,143</u>	<u>\$ 42,781</u>	<u>\$ -</u>	<u>(615,362)</u>
<b>GENERAL REVENUES</b>				
Ad valorem taxes				1,073,988
State revenue sharing				32,338
Interest				1,242
Miscellaneous				<u>1,722</u>
TOTAL GENERAL REVENUES				1,109,290
CHANGE IN NET POSITION				493,928
NET POSITION:				
Beginning of year				<u>3,631,295</u>
End of year				<u><u>\$ 4,125,223</u></u>

See notes to the financial statements.

# **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Balance Sheet - Governmental Fund - General Fund

December 31, 2013

## **ASSETS**

Cash	\$ 2,120,743
Ad Valorem taxes receivable	21,615
Due from other governments	1,055,314
Other	2,185
<b>TOTAL ASSETS</b>	<b><u>\$ 3,199,857</u></b>

## **LIABILITIES AND EQUITY**

Accounts payable	\$ 27,933
Deferred revenue	1,200,173
<b>TOTAL LIABILITIES</b>	<b><u>1,228,106</u></b>

## **FUND BALANCE**

Committed by Board:	
Terrebonne Bayou Country Sports Park	1,000,000
Adaptive Park-Phase I	140,000
Unassigned	831,751
<b>TOTAL FUND BALANCE</b>	<b><u>1,971,751</u></b>

## **RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Add - Capital Assets	3,890,388		
Deduct - Accumulated Depreciation	(1,736,916)	2,153,472	
Net assets of governmental activities		<b><u>\$ 4,125,223</u></b>	

See notes to financial statements.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund - General Fund  
For the Year Ended December 31, 2013

### **REVENUES**

Ad Valorem Taxes	\$ 1,073,988
State Revenue Sharing	32,338
Concession Sales	42,781
Interest	1,242
Miscellaneous	1,722
<b>TOTAL REVENUES</b>	<u>1,152,071</u>

### **EXPENDITURES**

General government - current:	
Ad valorem tax deductions	37,756
Ad valorem tax adjustments	55,001
<b>Total general government - current</b>	<u>92,757</u>
Recreational - current:	
Personal services and benefits	150,072
Supplies & materials	84,224
Other services & charges	50,748
Repairs & Maintenance	159,114
<b>Total current</b>	<u>444,158</u>
Capital Outlay	<u>322,210</u>
<b>TOTAL EXPENDITURES</b>	<u>859,125</u>
Revenues over (under) expenditures	292,946

### **FUND BALANCES**

Beginning of year	1,678,805
End of year	<u>\$1,971,751</u>

### **RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES:**

Net change in fund balances per above	\$ 292,946
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add - Capital outlay	\$ 322,210
Miscellaneous adjustment to assets	(735)
Deduct - Depreciation expense	<u>(120,493)</u>
Change in net assets - governmental activities	<u>\$ 493,928</u>

See notes to financial statements.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

Terrebonne Parish Recreation District No. 2/3 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 33:4562 (A). The District provides for the construction, improvement, maintenance, and operations of recreation facilities within the boundaries of Recreation District No. 2/3, including the purchase of equipment therefore.

### **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A.      Basis of Presentation**

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### **B.      Reporting Entity**

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Terrebonne Parish Recreation District No. 2/3, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and its component unit and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2013.

#### **C.      Basis of Presentation**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:



## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

### **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### **Governmental Fund Type**

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

General Fund - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is *always* a major fund.

#### **D.      Measurement Focus / Basis of Accounting**

##### ***Fund Financial Statements (FFS)***

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

### **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### **D.      Measurement Focus / Basis of Accounting (continued)**

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2012 property taxes which were levied to finance the 2013 budget are recognized as revenue in 2013. The 2013 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

**Expenditures** – The major expenditures are recorded when payable or when the fees are incurred.

#### **Government-Wide Financial Statements (GWFS)**

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

**Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

### **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### **E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **F. Operating Budgets**

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget and a public hearing on the budget prior of adoption. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district did not amend its budget for the year ended December 31, 2013. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

#### **G. Investments**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations. Investments consist of a certificate of deposit which is stated at cost and approximates market value.

#### **H. Receivables**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

### **Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### **I. Capital Assets**

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of \$1000 or more are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<b>CATEGORY</b>	<b>LIFE</b>
BUILDINGS AND IMPROVEMENTS	5-40 YEARS
IMPROVEMENTS, OTHER THAN BUILDINGS	5-30 YEARS
EQUIPMENT & FURNITURE	5-20 YEARS
VEHICLES	5 YEARS

In the fund financial statements, capital assets purchased in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### **J. Vacation and Sick Leave**

Accumulated vacation and sick leave are recorded as expenditures of the period in which paid. Employees earn between 96 to 136 hours of vacation leave, depending on the length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carry forward provisions.

Employees earn 56 hours sick leave per year. Unused sick leave cannot be carried forward to future years. There is no material unpaid vacation and sick leave at year-end.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

### **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### **K.      Fund Equity**

For government-wide financial statements net assets are classified and displayed in three components:

1. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
2. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balance is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

### **Note 2      DEPOSITS**

A summary of deposits are listed as follows:

	<b>Bank Balance</b>	<b>Reported Amount</b>
<b>Cash</b>	\$2,112,203	\$2,111,680
<b>Certificates of Deposit</b>	9,063	9,063
<b>TOTAL DEPOSITS</b>	\$2,121,266	\$2,120,743

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision.

Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. As of year-end \$1,844,720 of the bank balance of deposits was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The District has pledged securities to secure this risk of \$2,144,716.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

### **Note 3 AD VALOREM TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2012. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. The tax rate for the year ended December 31, 2013 was 5 mills of assessed valuation on property within the District for the purpose of constructing, maintaining and operating recreation facilities within the District. Taxes levied in November 2013 are for budgeted expenditures in 2014 and will be recognized as revenues in 2014.

### **Note 4 CAPITAL ASSETS**

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Adjustment	Ending Balance
<b>NON-DEPRECIABLE ASSETS</b>				
Land	\$ 285,555	\$ -	\$ -	\$ 285,555
Construction in Progress	-	109,339	-	109,339
<b>Total Non-Depreciable Assets</b>	<b>285,555</b>	<b>109,339</b>	<b>-</b>	<b>394,894</b>
<b>DEPRECIABLE ASSETS:</b>				
Buildings & Improvements	963,109	-	-	1,123,599
Improvements, not building	1,867,090	158,648	-	2,025,738
Equipment & Furniture	434,028	54,223	-	437,099
Vehicles	18,396	-	-	18,396
<b>Total Cost of depreciable assets</b>	<b>3,282,623</b>	<b>212,871</b>	<b>-</b>	<b>3,495,494</b>
<b>Total Cost of assets</b>	<b>3,568,178</b>	<b>322,210</b>	<b>-</b>	<b>3,890,388</b>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings & Improvements	514,469	33,325	-	548,794
Improvements, not building	822,343	65,626	-	887,969
Equipment & Furniture	261,216	21,542	-	282,758
Vehicles	18,395	-	-	18,395
<b>Total accumulated depreciation</b>	<b>1,616,423</b>	<b>120,493</b>	<b>-</b>	<b>1,736,916</b>
<b>Net depreciable assets</b>	<b>\$1,666,200</b>			<b>\$1,758,579</b>
<b>Net capital assets</b>	<b>\$1,951,755</b>			<b>\$2,153,472</b>

Depreciation Expense of \$120,493 was recorded in the governmental activities.

## **TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Notes to the Financial Statements  
For the Year Ended December 31, 2013

### **Note 5      DUE FROM OTHER GOVERNMENTS**

Amounts due from other governmental units (\$1,055,314) consisted of the amount due from the Terrebonne Parish Tax Collector for ad valorem taxes collected but not yet remitted at year end.

### **Note 6      RISK MANAGEMENT**

The District is exposed to various risks of loss related to workmen's compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation and group health, property and auto liability. The premiums for workers' compensation are based on a fixed percentage of payrolls. The premiums for group health insurance are based on a fixed rate per employee. The premiums for auto liability are based on the claims experience, vehicle type and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. No settlements were made during the year that exceeded the District's insurance coverage.

### **Note 7      COMPENSATION OF BOARD MEMBERS**

Compensation was paid to Board Members for the year as follows:

Robert J. Arceneaux	115
	<hr/>
	\$115
	<hr/>



***REQUIRED SUPPLEMENTAL  
INFORMATION***

**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**

Budget Comparison Schedule - General Fund  
For the Year Ended December 31, 2013

	Budgets		Original	
<b>REVENUES</b>				
Ad Valorem Taxes	\$1,125,818	\$1,125,818	\$1,073,988	\$ (51,830)
State Revenue Sharing	-	-	32,338	32,338
Concession Sales	25,000	42,000	42,781	781
Interest	1,000	1,000	1,242	242
Miscellaneous	-	-	1,722	1,722
<b>TOTAL REVENUES</b>	<u>1,151,818</u>	<u>1,168,818</u>	<u>1,152,071</u>	<u>(16,747)</u>
<b>EXPENDITURES</b>				
General government - current:				
Ad valorem tax deductions	26,000	25,000	37,756	(12,756)
Ad valorem tax adjustments	5,000	10,000	55,001	(45,001)
	<u>31,000</u>	<u>35,000</u>	<u>92,757</u>	<u>(57,757)</u>
Recreational - current:				
Personal services and benefits	136,000	151,000	150,072	928
Supplies & materials	70,000	83,000	84,224	(1,224)
Other services & charges	131,000	137,000	50,748	86,252
Repairs & Maintenance	291,000	69,500	159,114	(89,614)
	<u>628,000</u>	<u>440,500</u>	<u>444,158</u>	<u>(3,658)</u>
Capital outlay	-	376,750	322,210	54,540
<b>TOTAL EXPENDITURES</b>	<u>659,000</u>	<u>852,250</u>	<u>859,125</u>	<u>(6,875)</u>
Revenue over (under) expenditures	<u>492,818</u>	<u>316,568</u>	<u>292,946</u>	<u>(23,622)</u>
<b>FUND BALANCES</b>				
Beginning of year	3,631,295	3,631,295	1,678,805	(1,952,490)
End of year	<u>\$ 4,124,113</u>	<u>\$ 3,947,863</u>	<u>\$ 1,971,751</u>	<u>\$ (1,976,112)</u>

***REPORTS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Commissioners of  
Terrebonne Parish Recreation District No. 2/3  
Houma, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Terrebonne Parish Recreation District No. 2/3, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 3, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

May 3, 2014  
Thibodaux, Louisiana



**TERREBONNE PARISH RECREATION DISTRICT NO. 2/3**  
**SCHEDULE OF CURRENT YEAR FINDINGS**  
*For the Year Ended December 31, 2013*

***Section I - Summary of Auditor's Reports***

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The District neither received nor expended any federal awards during the year.

***Section II - Financial Statement Findings***

- There were no financial statement findings during the audit of the basic financial statements.

***Section III - Federal Award Findings and Questioned Costs***

- There were no federal award findings during the audit of the basic financial statements.

